

REMARKS

This Amendment is in response to the Office Action of August 2, 2005 in which the Examiner made certain technical objections to the claims. The Examiner also requested that Applicant provide new formal drawings at this time.

Claims 14, 20 and 24 are rejected as non-statutory.

Claims 1, 2, 4-6, 8-10, 12, 14, 19, 20 and 24 are rejected as unpatentable over Shavit U.S. Patent No. 4,799,156 in view of Shkedy U.S. Patent No. 6,260,024.

Applicant's representative wishes to thank the Examiner for an opportunity to discuss the various objections and rejections set forth in the Office Action during a telephone conference conducted November 14, 2005.

With respect to the Examiner's requirement for new drawings, Applicant asserts that he will file a new set of drawings upon allowance. The Examiner agreed that this would be a satisfactory response.

With respect to the Examiner's objection to the claims under 35 USC 112, first and second paragraphs, Applicant has the following comments.

The Examiner indicated that the term "without regard/recourse to the underlying transaction is not defined or addressed in the specification in any detail". Applicant asserts that while the phrase is not directly addressed, the underlying concept is indeed covered by the application. For example, the application discusses the feature of generating tradeable financial instruments as described on page 33, line 11 through page 34, line 14. These instruments are insured against nonpayment and ready for sale as a tradeable financial instrument (page 34, lines 5 and 6).

During the telephone conference with the Examiner, Applicant's representative referred to negotiable instruments. However, that characterization is overly restrictive in that negotiable instruments are a subset of tradeable instruments. Accordingly, Applicant has cancelled the term "negotiable" and substituted therefor the term "tradeable".

Further, a tradeable instrument (as well as a negotiable instrument) is introduced into commerce without recourse to the underlying obligation. This is clear from the specification in which the features of determining the credit worthiness of a buyer and the buyer's likelihood of paying the obligation, and coupled with a guarantee by the financial institution as discussed. Under such circumstances the purchaser of such an instrument does not look to the underlying obligation but looks to the guarantee provided by the financial institution. Nevertheless, in order to expedite prosecution, Applicant has cancelled the phrase from the claim.

The Examiner's objection to claim 14 has been obviated by the amendments thereto. In particular the term "financial institution" has been recited in the claim preamble, and the term "server" has been changed to "seller".

The Examiner rejected claims 14, 20 and 24 as nonstatutory under 35 USC 101. During the telephone conference of November 14, 2005, the Examiner indicated that the rejection would be withdrawn in view of the decision of the Patent Appeals and Interferences in ex parte Carl A. Lundgrin Appeal No. 2003-2088 heard April 20, 2004.

The Examiner rejected certain claims as unpatentable over Shavit in view of Shkedy. The Examiner's rejection is respectfully traversed for the reasons set forth below.

The prior art cited by the Examiner represents conventional technology for electronically handling Business to Business (B 2 B) transactions. In such transactions information is arranged and formatted in order to facilitate on-line communication and processing of these transactions. The conventional system of Shavit et al. includes a database

which contains user information. The data is accessed by a conventional validation procedure to facilitate business transactions in an interactive on-line mode between users during interactive sessions. Shavit does not provide for the generation of a tradeable security which is guaranteed by the issuer.

Shkedy discloses a method and apparatus for facilitating buyer driven purchase orders on a commercial network. According to the Examiner, Shkedy provides a verification scheme. However, the scheme provided in Shkedy does not perform all of the functions set forth in the claimed invention. For example, while Shkedy provides the authentication of the identity of buyers and sellers and verifies their ability to pay or delivers goods, Shkedy does not utilize the credit information to produce a tradeable financial instrument which is guaranteed by the issuer. This feature greatly expands the versatility and usefulness of on-line systems by separating the underlying transactions, namely the sale and payment for goods and services, from the financing aspect of such transactions. Once a guarantee is established the underlying transaction becomes separated from and irrelevant to the financial portion of the transaction. Such an arrangement greatly facilitates interactive, on-line, B 2 B transactions in a way which is not available in the cited references either alone or in combination.

It is therefore respectfully requested that the Examiner reconsider his rejection of the claims the allowance of which is earnestly solicited.

If additional fees are required the Director is authorized to charge Deposit Account
04-2223 or credit any overpayment thereto.

Respectfully submitted,

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